FAST STRATEGIC PLANNING WORKSHOP
September 23,2003
8:00 AM – 4:00 PM
Everett Station Weyerhaeuser Room

Meeting Minutes

Welcome from Dave Davis and presentation by Allan Giffen, City of Everett

The workshop was opened with a welcome from Allan Giffen, representing the City of Everett. Mr. Giffen provided an overview of a study performed by Perteet Engineering in 1997-98 to analyze freight mobility and access in the Everett area with regard to the following criteria: existing and future truck traffic and rail operations, future development potential for freight generating land uses, and transportation infrastructure requirements.

Some of the key findings of the Perteet study were:

- There are critical "freight convergence zones" where I-5 meets US Highway 2 and where the BNSF Steven's Pass mainline meets the BNSF Canada line.
- There is a wide variety of goods destined for the Port of Everett.
- There are several at-grade rail crossings causing delays.
- There is significant growth potential for freight generating land uses.

The Perteet study also generated several freight mobility improvement recommendations including:

- The California Street over-crossing;
- East Marine View Drive widening and improvements;
- 41st Street over-crossing / Lowell Neighborhood Bypass;
- East Everett Avenue over-crossing; and,
- I-5 / East Marine View Drive interchange improvements.

Four out of five of these recommendations became FAST Phase I projects. The California Street over-crossing was completed in May 2003. The 41st Street over-crossing, East Marine View Drive, and East Everett Avenue over-crossing projects are all in various stages of production.

Mr. Giffen also gave an overview of some other freight mobility issues facing the Everett-Snohomish County region:

- The Mukilteo "tank farm" pier in the Port of Everett is slated to serve Boeing. This would be a new pier and they are currently working through the freight logistics pertaining to both existing lines (747, 767, 777) and the future effect of the 7E7 Dreamliner production.
- SR 9 is emerging as an important freight corridor.
- The need to incorporate freight issues into a 10-year comprehensive plan update.
- Concern regarding the increase in commuter rail services and the impact this is having on the BNSF mainlines.

Introduction and Overview

Michael Cummings, Washington State Department of Transportation (WSDOT)

Michael Cummings gave an introduction on the key questions and thoughts for action for the workshop. He related the strategy of FAST to an interview between Thomas Jefferson and Merriweather Lewis. In this interview, Jefferson asked Lewis what he might have done differently on the expedition. Lewis responded, "blue beads." It turned out that blue beads were the key to a successful expedition because they were the most valuable form of trade, more valuable than guns, horses and food. FAST needs to discuss what our "blue beads" are; in other words, what will make us successful. This workshop is the first of at least two that will be held to define the strategy and actions necessary to build freight projects in the Puget Sound region.

The goal for this session is to ask, "What will strengthen our national and international success?" and to talk about who we are, why we are successful, and how do we portray ourselves to federal leaders who help fund and support us. Ultimately, we would like to define what the "big picture" issues are and what actions are needed to successfully address these issues.

Session One – The Current Context

Pete Beaulieu, Puget Sound Regional Council
FAST Phase I

Pete Beaulieu spoke regarding the broad "freight story" within the region and the FAST Corridor Phase action package. He suggested that FAST should be viewed not only as a "program," but also as a strategy to align programs. He defines "program" as a box inside an agency; FAST works to "connect the dots" between agencies, connecting similar programs.

He offered a brief history of FAST:

- In 1994 the need for a public-private conversation was identified. After an initial five meetings to develop a freight element for the regional transportation plan, the participants took the initiative to continue as a shared Regional Freight Mobility Roundtable.
- In 1996 the need for an interagency team (public sector) was identified and FAST Corridor Phase I came into existence.

The improvements that have been made to the Puget Sound freight corridor in past 10 years can be counted as FAST Phase I successes. Action packages are to complete FAST Phase I and Phase II projects. These projects each offer "independent utility", but are also consistent with a larger vision.

He identified several of the specific reasons for past successes:

- FAST has worked with a common funding matrix with some "fungible" funds that can be moved from stalled projects to those that prove to be more ready-to-go.

- Because FAST has been well-prepared, it has been able to act on targets of opportunity, especially in helping to create the state and federal funding layers needed for balanced project partnerships.
- FAST has retained clear project-level responsibility to ensure that each program has a sponsor and a project manager, but also is part of a system-level effort.
- The FAST Corridor is part of a broader institutional "fabric", along with Freight Mobility Strategic Investment Board (FMSIB), Transportation Improvement Board (TIB), WSDOT, etc.

A goal for the future might be working towards a FAST Corridor style project that spans the inter-state region (the proposed West Coast Corridor Coalition). This is something that is being looked at. If this has merit, the FAST team would continue to work from the inside out on the things we are already doing, but connecting a few more dots on a larger fabric for those specific issues that might benefit.

Michael Mariano, Mariano & Associates
FAST Phase II

Michael Mariano was project manager on FAST phase II. The focus of Phase II was on truck-related issues and continuing Phase I grade separations. The purpose of Phase II was to:

- Determine system development and operational strategies that would optimize truck freight mobility and produce joint benefits;
- Create a "resource document" that includes a freight relational database and maps that communicate the truck mobility message; and
- Prepare an "action matrix" that addresses structural as well as non-structural strategies for truck mobility.

The outcome of Phase II was analyzed for the most promising strategies and actions against the following performance criteria:

- Improvement to truck mobility i.e. reduce delay, increase accessibility and reliability;
- Improvement to safety of the truck network;
- Improvement to economic competitiveness;
- Reduction of vehicle emissions;
- Promotion of cost-effective solutions; and
- Improvement of truck impacts on general mobility.

The action matrix identified nine (9) core actions to move freight in the FAST corridor. Mike reviewed a few actions, including:

- Action #6. The goal of Action #6, part of the non-structural opportunities, is to increase the productivity of the freight system by implementing a coordinated regional freight demand management program to make the best use of existing highway and rail capacity.
- Action #1. This action looks to complete the missing links by removing bottlenecks and considering freight priority treatments that provide a system of freight emphasis corridors to improve reliability, accessibility and predictability of freight movements. All aspects of this action are being addressed in one way or another.

- Action #3. This action is to develop a plan for identifying and upgrading arterial truck emphasis routes and overweight truck routes with consistent operations and design across jurisdictions, in order to remove bottlenecks and create a seamless freight network for truckers.
- Action #5. The goal of this action is to provide for additional grade separations and/or closures of at-grade road-rail intersections to provide regular opportunities for local traffic to cross tracks, and to improve rail capacity and speeds.

Karen Schmidt, Freight Mobility Strategic Investment Board (FMSIB)

FMSIB was set up to be unbiased in its approach. The board was created to be a single stop for freight issues on the state highways, county roads and city streets. Many organizations think that their project would be beneficial to freight. They can bring their proposal to the board and the board will score it and pass or reject it.

The board is hands-on with multi-agency public and private interests represented. The board has a 100% record of all projects moving forward on time or early, with all projects that were begun in 2000 either in process or completed. They were even able to put extra funds towards the Duwamish ITS project. FMSIB maintains a 6-year list of projects to help keep the projects moving and to prevent other problems. State funds are available for Federal Match to get projects up and running as quickly as possible.

FMSIB was originally created with a dedicated project funding source, but that source was lost with I-695. FMSIB is currently seeking other partnerships for funding and fine-tuning the project selection criteria to improve consistency of how projects are measured within the state. Also, FMSIB is working for increased private sector participation early in the process, to help identify challenges and find solutions. We need to work together to move the freight that is coming, regardless.

Andrew Johnson, Governor's Executive Policy Office
Governor's Northwest Maritime Trade Summit

Andrew Johnson spoke to the group about the Governor's Northwest Maritime Trade Summit (to be held **November 12th, at the Bell Harbor Conference Center in Seattle**) as it relates to the governor's perspective and approach for improving the Washington State economy and getting out of recession. The funding and improvement of the economy is dependent on a healthy maritime industry.

The governor is working with a number of parties, including the ports and FMSIB, with interests along the Snake and Columbia River systems, to discuss trends of the maritime industry and to ensure competitiveness and strength within the industry. They are currently at work on an issue paper to provide policy foundation and issues in the maritime trade world of the Northwest.

Mr. Johnson's participation in the workshop today was designed to get the group thinking about how to feed into policy recommendations for the Summit. He also wanted assistance in raising understanding and awareness of the critical nature of maritime to Northwest industry, including Idaho, Oregon, and Alaska. Overall, this is an incremental effort, bringing leaders of industry, government and local jurisdictions together to discuss

policy recommendations and bring things to completion.

There is the feeling that there should be a council devoted to bringing the economy to competitiveness. Last year's Competitiveness Council had maritime as a small part of their agenda. This year is the perfect time to get this on their agenda in a more prominent position. On October 21 and 22, there will be meetings held in Pasco to discuss maritime competitiveness on the Columbia and Snake Rivers. This is just part of several meetings that will feed into the Summit, which will be held on November 12th. The scope of what they hope to discuss at the Summit, in regard to the maritime industry, is focusing on trade, shipping, import/export activities in the northwest, not excluding creeks or ship building, but focusing mostly on bulk shipments on the Columbia and on import/export activities. They are interested in recommendations at all levels for competitiveness opportunities and barriers to those opportunities, not just at the state level.

Session Two – State and National Competitiveness Issues

Setting the Stage
Doug Ljungren, Port of Tacoma

Doug Ljungren opened the session, speaking about competitive issues facing the state's maritime trade industry. He is responsible for forecasting shipping activity and quantifying its impact on port activities.

Importance of Maritime Industry

Why should we care about the maritime trade industry? Because the state's economic health and current recovery depend on it. It is essential to keeping our manufacturers and producers competitive in the global market and to providing transportation services to in-transit cargo. This is a traditional but silent basic industry made up of smaller players, so it is hard to find just one company to represent the whole industry.

Maritime trade is also important because of the number of jobs it creates. For every 1000 Twenty-foot Equivalent Units (TEUs) of international trade, 2.7 direct transportation services jobs are needed. An average container vessel creates 7.8 FTE direct jobs. We need to be careful, as 65% of our international trade is discretionary.

FAST projects affect eastern Washington as much as they affect the area where they are being built. For example, the cost of shipping apples to Chicago is higher than shipping apples to Tokyo, due to current freight strategies. A review of the competition shows that Vancouver, B.C. is growing. Based on past growth trends, Puget Sound container traffic has increased 7.9% over 5 years, but Vancouver is seeing a 74% increase over 5 years. For the Ports of Seattle and Tacoma, the 7.9% growth means that they will need to double their capacity with in the next 10 years. This is a short planning horizon and is probably insufficient for this growth level. The growth rates have slowed over the past 2 years, with Seattle/Tacoma at 1.8% and Vancouver at 16.7%.

Port Actions to Address Competitiveness Issues

Seattle and Tacoma ports are facing capacity issues as they look at the possibility of needing to double the port's capacities in the next 10 years to accommodate growth. The

ports must also look for creative alternatives, as they cannot just look to take up more scarce land in built-up areas. Land adjacent to deep water is a major resource.

The ports are currently investigating agile port concepts to increase velocity, which is sponsored by the Department of Defense. During the Vietnam War, containerization came into it's own and the Department of Defense found they needed to move cargo off of a ship into a terminal and from terminal to terminal more quickly. They are still worried about the logistics of cargo movement. They have performed one test of the agile ports concept at the Port of Tacoma and are currently analyzing the results.

Improved information transfer technology would help with the flow of freight. For example, a train comes in and the operator knows what and where the cargo is that will transfer onto that train.

The ports are also investigating what it might take to make efficient inland ports. Land at the terminal is too valuable, so it would become a transfer point to move cargo to an inland port where it can be stored/sorted. They are also considering longer hours of operation at the terminal.

Loss of Market Share – International Competition
Another economic concern of the ports relates to the fact that the Puget Sound market share had been steadily decreasing for the last decade until 2002, when it held steady. It appears to be increasing a little bit so far in 2003; however, most freight is going to Southern California. It is difficult for the Pacific Northwest to compete with Southern California, as the five Southern Californian cities together would make up the size and population of a large country.

Based on intermodal origin and destination data, we have lost 20% of our Mid-west market. This may be due to loss to the Canadian Railroads. The competition for the inland market is fierce. A lot of freight went to the East Coast via the Panama Canal after the ports were shutdown due to the West Coast lockout. About 70% of that business has come back to West Coast ports. But with increased use of the Suez and Panama Canals, all water shipping service is growing.

The ports of Seattle and Tacoma have a distance advantage for any cargo coming from east of Sri Lanka, but the Suez Canal makes travel from Sri Lanka to the East Coast equidistant. The Panama Canal currently only allows ships with a width of 106 feet or less, however the canal is being improved. They have begun to widen the canal through the Gaillard Cut, which was completed in 2002 and is currently being tested. They are also working to deepen the navigational channel, which will be complete in 2010. These projects will increase the canal's capacity by 20%. For the new Post-Panamax Locks, consultants are studying the design and, if approved, the project will begin in 2004 or 2005 and will increase capacity by 25%. Currently the Canal authorities are working on an "Alliance of Cooperation" with East Coast ports, which would benefit from improvements. They are promoting the all-water route between Asia and the East Coast through joint marketing activities, joint funding for market studies, sharing information regarding efforts to improve customer services, and sharing technological capabilities.

Another issue for the ports is the competition with the Canadian railroads. There are only 3 ways out of the Puget Sound area, Stevens and Chinook (Stampede) Passes and the Columbia River gorge. This is indicative of how valuable a natural resource these passes are. The Canadian Pacific Railway has efficient lines direct to Chicago and is penetrating into the upper mid-western and eastern United States. The Canadian National Railroad serves these markets as well and also serves New Orleans. These are our inland destinations as well.

Impacts of Container Ship Size Increase
The evolution of the container ship is a challenge for the ports. The increasing size of container ships will have a dramatic impact on the ports. The shipping industry has inherently high costs but also high economies-of-scale, therefore, they are developing larger ships. Larger ships mean more cargo coming into the port at once, which creates a peaking effect on activity and increase dimensions require larger equipment to safely reach cargo.

Needed Action
Mr. Ljungren concluded with the following thoughts:

- Providing transportation services to international trade is a basic industry that is growing.
- Most of the Pacific Northwest's international trade is discretionary and other regions want it. For the Pacific Northwest to maintain and grow this business, the transportation system must work efficiently.
- An efficient transportation system will also enhance the competitiveness of local shippers. No one can do it alone – alliances are the only way to address these issues.

Question/Answer Session:

- When visiting the Port of Seattle, the statement was made that there has been a shift away from intermodal components toward a 50% mix of local freight. Is Tacoma seeing the same shift? Has the percentage of inter-modal cargo coming through Tacoma decreased? And, regarding warehousing, is most cargo shipped by rail exclusively or is it shipped by rail and then moved to trucks?

  No, Tacoma is not seeing many changes from out of country cargo to local. Regarding the warehousing question, many companies are trans-loading, keeping containers on the coast, rather than moving them inland. They are using inland boxes instead. The logistics of empty boxes is important. Based on the number of boxes going inland versus those coming out, 1.5 boxes are left in the Mid-west for each one that is shipped back.

- What are the issues created by Post-Panamax vessels?

  The cranes are quickly becoming outdated. We need to increase the reach and height of the cranes. Also, bigger ships means more volume hitting the port all at once. This creates a substantially greater peak situation that causes labor and

intermodal problems.

- What are the strategic advantages to the Puget Sound Ports?

  Our biggest strength is our intermodal business. California's priority is local cargo, movement along the Alameda corridor, and movement from the port along the interstate. The lock-out last year forced shippers to look elsewhere and to see us and others as alternatives to California, and ultimately, we are the next best alternative to Southern California.

- Most customers are concerned with price and time. How do we compare?

  We are a day shorter sailing time, but steamship lines send the faster, newer ships into Southern California, and the Pacific Northwest gets the slower ships, which offsets the sailing time advantage. Pricing becomes a real sticking point. The rail companies state that they use fair and equitable pricing, but users say that Southern California gets a price break. We also need to factor in round trip for shipping back empty containers. In the end, Southern California is significantly cheaper than the Pacific Northwest. However, we are more reliable as far as when cargo arrives. That is very important to many customers. However, in the 1980's and 90's our reliability suffered from floods and other natural/weather related phenomenon. This affected our reputation with companies in the Far East.

- Regarding the forecast of the volume at the ports doubling and how to handle that: one suggestion would be to come up with a range of forecasts and work within the range to set "bookends" on timing. In order to get accurate expectations within the forecast, we should look at foreign exchange rates, the trade deficit, flexibility and reliability. We should not underestimate the need to have operational flexibility, as a failure in Alameda may bring more cargo our way.

- The cost issue may have something to do with the fact that Southern California gets more full (export) containers (and therefore a better rate) and we get more empties.

- We should identify our strengths and pursue them while at the same time making a West Coast Alliance and still recognizing competitiveness.

FREIGHT SYSTEM USERS
Scott Garl, Boeing Company

Scott Garl of the Boeing Company opened the freight system users panelist presentations.

Over 65% of Boeing's Washington State supply base is located on Seattle's Eastside and the Auburn Valley. This makes I-5 and I-405 major conveyor belts in the Boeing supply chain as parts are moved from the manufacturing facilities to Renton and Everett for assembly. Freight shipment sizes are a concern because part of the Boeing strategy is to utilize only main component assembly. This means that they are doing more assembly of

smaller parts at the manufacturing facilities and shipping larger parts to their assembly plants using the Integrated Transportation System.

Boeing is also trying to utilize more just-in-time assembly patterns, which reduces their need for storage space and on-hand inventory. However, the commuter curfew restrictions coupled with road construction and some of the worst traffic congestion in the U.S. make just-in-time shipping difficult. It is and will continue to be important to coordinate with road-construction planning to ensure that oversize shipments can be routed through or around major construction projects.

Other over the road shipping challenges to Boeing's strategy include:
- Construction and maintenance projects, can delay travel time and impact oversized load movement;
- Poor lane merging plans which cause congestion, for example, where five lanes merge into two at the Convention Center in downtown Seattle.

Some of the challenges Boeing faces when working with railcar operations are:
- Reduced rail service due to the current U.S. economic conditions;
- Railcar dimensional limits due to rail infrastructure constraints, that limit the movement of large parts cross country;
- BNSF delays in Spokane, that potentially delay shipments to Puget Sound locations.

Some of the ocean freight challenges Boeing has identified are:
- Port operations are typically only weekday shifts which presents delays, especially with weekend vessel arrivals, where freight is not available until Monday, which creates staging congestion outside of the terminal;
- Port access is inadequate for volume.

Aviation challenges Boeing has identified include:
- Delays of a minimum of 48 hours on weekend freight cargo;
- Limited air freighter service into Puget Sound, which causes delays in receiving parts and is exacerbated by increased road congestion;
- Unpredictable access for freight and passenger movement affects dispatch lead time of drivers for pickup and delivery; and
- Abrupt signage at Sea-Tac airport is inadequate for lane transitions.

A few solutions were offered:
- Boeing has documented the height and width of bridges and overpasses on their routes in Puget Sound, to prevent oversized loads from hitting and damaging these structures. It may be useful to provide such documentation for all such structures in the region;
- Continue to improve communication and planning with WSDOT for road construction projects;
- Place MPRF on shop floor who will coordinate with logistics services and the global suppliers to improve just-in-time delivery efficiency;
- Increase port and airport hours to include weekends;

- Mukilteo Satellite Rail Facility will reduce switch times and will reduce blockage times of the BNSF mainline in Everett.

Doug Baker, United Parcel Service (UPS)

Doug Baker offered the thought that there are too many cars and not enough trucks on the road. UPS is both a freight user and a freight provider. The UPS super center in Redmond is the largest in the western U.S. UPS is the largest user of rail in the U.S. The brown vans we all associate with UPS are just a tiny piece of the supply chain window.

Customers care more about information and schedules. They will pay more to be able to monitor a shipment and specify the delivery time. This makes access mobility and reliability a number one concern. UPS has begun to encounter higher congestion in their side streets and short cuts, which is affecting their scheduling reliability.

Some positive changes UPS has noted are that the reliability from the ports has improved and mobility and grade separation improvements have been very important.

Dan Gatchet, West Coast Trucking

Trucks deliver the American economy, but there are two issues that are affecting the trucking industry today:

- First, attracting and maintaining qualified drivers. They currently use many independent contractors and most of the drivers from the port and rail are also independent contractors. This will continue to be an issue, as the new restrictions on hazardous material qualifications and restrictions on hours of operations are implemented on November 1st.
- Second, congestion at rail and marine terminals as well as on highways.

Some suggested improvements would be: extended marine gate hours (railroads are open 24 hours a day, 7 days a week for deliveries); use of technology to speed flow of trucks through the terminal; changes in business practices, so that if the gate and drivers are available 24 hours a day, then the receivers will be, too.

Freight Users Question/Answer Session:

- How can you justify extended gate hours? The ports would be willing to extend their gate hours, but they need 50+ trucks to justify opening the terminal.

  We would like gate hours to be predictable and more widely broadcast. Too often hour extensions are a last minute decision. At this time, warehouses and shippers are open at 5 AM, but gates charge extra to open at 3 AM and then there is the issue of who will pay that extra fee.

- On the 7E7, will size matter on moving the pieces?

  On all models there are challenges. All models are moving to fewer, and therefore bigger, parts. So far, the FAST improvements have been great, but in transportation, bigger isn't always better, and that is just part of their challenges.

- What is the scuttlebutt on traffic issues in this area?

  They are the number one worst problem. UPS's solution would be to allow service vehicles to use the HOV lanes (without extra passengers). The challenges are mainly with the vans getting out as congestion is getting worse. We are compounding the problem some as we are trying to get pick-ups to the airport more reliably.

- Are there metrics to verify that we are really the worst and to quantify how terrible the traffic is?

  (UPS answers) Yes, that data exists, but is not currently organized in a way to address this question.

- How do you suggest we foster support for funding of freight issues in businesses beyond the three on the panel?

  Make it personal to your audience (public and legislative). Also, we should ask for simplification of things like the B&O tax to help with compliance. Rules that are less complex are easier to adapt. The more complex the rule, the more unknowns there are and the greater the liability.

FREIGHT SYSTEM PROVIDERS

Kent Christopher, Port of Seattle

Kent Christopher of the Port of Seattle opened the freight system providers panel presentations. The Port of Seattle is the 3rd largest load center in the U.S.

- Overall advantages of the Port are that it has efficient facilities, competitive rates, a strong carrier base and world-class labor.
- Intermodal advantages of the Port are that the rail is on the dock or near dock facilities, and that they are working with freight users, especially the truckers who use the facilities, to asses and improve access and overpasses without cutting off local access.

The Port does face several challenges:

- Exports. They want to be sure that the exporters have access to empty containers from the importers. The volume of exports is lower than the imports, and shipping empty containers is not profitable.
- Container Size Increase. The Port just purchased three of the world's largest cranes, but the rate of increase in ship size outpaces the rate at which the Port can anticipate and purchase new larger cranes. Larger ships means the need for larger terminals, but this presents challenges such as land availability and use near the load centers and urban infringement.
- Competition: There is high competition between the Pacific Northwest ports and Southern California, Vancouver, B.C., East Coast and Gulf Ports, and all water service growth has the potential to increase competition. And while the transit times

for Pacific Northwest rail shipments are shorter, Canadian railroads are able to erode profitability by offering financial incentives, which the Pacific Northwest has a hard time competing with, due to government regulations.

The Port does have the capacity for future growth and is performing a container terminal access study, researching technology improvements and operational efficiencies as well as implementing security initiatives. The Port's strategic focus is growth in regional distribution and expanded intermodal services.

Cliff Benson, Puget Sound Steamship Operators Association

Cliff Benson began his presentation with the statement that the steamship industry consists primarily of foreign ownership and, as a result, owners and cargo interests don't care about local policies. Their only concerns are time, reliability and cost.

The steamship industry is not just containers, but also issues relating to bulk cargo. Speed and reliability are the primary concern. They have attempted to take the competition out of the marine side of their service. Information and customer service are key and are designated by the land side of shipping, rather than the marine.

Growth in business is shifting away from the Pacific Northwest, as it tends to follow population density and the cost of doing business. On the positive side, Tacoma saw a small increase as one carrier switched their rotation from Southern California. This may be a sign that the movement to Vancouver, B.C. is beginning to slow. One of Tacoma's advantages is on-dock rail and port access which promotes significant time efficiency benefits for shippers. Distribution from Renton appears to be growing, too. Agricultural exporters enjoy good freight rates, as empties have to get back to the Far East.

There are still challenges:

- Disparate state regulations regarding security can cause the perception that doing business with the Pacific North West is unfavorable;
- Commuter rail is causing black out periods that may affect freight;
- The public does not understand the importance of freight to the economy, including jobs and the cost of doing business.
- There is concern regarding the breaching of dams and dredging of the Columbia River. If we breach the dams and don't dredge, then we impair the freight movement, and thereby the economy, as grains are moved along that route.

Mr. Benson concluded with the admonition that freight needs to have a continuing voice and presence in the minds of the public and the legislature, to ensure awareness of the necessity of freight, and to ensure that their issues are addressed.

Chris Fidler, DHL/Airborne Express

DHL and Airborne Express just merged four weeks ago, making them the largest logistics company in the world. DHL stresses location and site characterization to improve efficiency. Their hub is in Ohio because the economic center of the U.S. is in the Ohio Valley Region. The population and manufacturing base in this area is similar in size to Southern California.

The DHL hub has the largest privately-owned airport in the world, with 204 flights per day every day except Sunday, on-site U.S. customs, FAA certified maintenance and ATC operations, and connections to nine regional sort hubs. All of these attributes give DHL the ability to ship immediately. DHL is also not faced with growth limitations, as they are not at a commercial airport.

However, since the hub is in Ohio, it puts Seattle at a disadvantage. For example, New York isn't as far to fly, so they get later pick up and delivery times and more flexibility. The timing of flights in and out of Seattle is critical. The plane must leave at the scheduled time, regardless of whether or not the carriers have arrived with their cargo. This makes the traffic congestion and delays of the Puget Sound region that much more damaging and manufacturing site location that much more critical to businesses.

Things that should be considered when selecting a site include:
- Ensure the selected site supports business goals and strategy;
- Ensure the selected site provides value to customers; and,
- Ensure the company will be viewed positively by the site community.

Sixty percent of site locations fail due to poor planning. Business and site planners should talk to the vice president of their logistic and distribution company. An example is the Microsoft distribution centers: they are near Microsoft, rather than being closer to customers, where they can avoid congestion. Businesses should work with an economic development committee to plan logically and efficiently if their business is dependent on overnight air shipments. One note of local interest: DHL currently works to avoid traffic delays and congestion by putting an extra person in carrier vans so that they may legally use the HOV lanes. They also use GPS and logistic monitors to direct drivers to less congested routes.

Freight Providers Question/Answer Session:

- To legislator and policy makers, an easy fix is to simply add per container fee. How fragile is pricing? If California can have such a fee, why can't we?

  We already have a harbor fee and 24- hour limit that Canada doesn't. An additional fee would only serve to drive more business to Canada. Regarding California, the Alameda hype doesn't entirely allay congestion. Increase in rates for trucking was easier, as it translated into a hidden cost. Hidden costs are easier to sell to foreign principles. Also, Southern California is a giant shipping magnet. Shippers cannot afford not to go there, so California can implement container fees as shippers will be stopping there anyway. The Pacific Northwest doesn't have the population base or the consumers. If the Pacific Northwest throws up too many hurdles, shippers will pull their freight and go elsewhere.

- When listing objectives for growth, how would you measure success?

  At the Port of Tacoma, we are looking at jobs purchased and growing the growing demand for jobs, then to transportation and warehousing to ensure we are attracting

business. Also, to retailers and sales growth, we will go after large retailers to move them here and hook and keep them with distribution.

- With the increase in commuter rail, how will the black out periods affect freight transportation? What is the capacity of current rail space?

  BNSF says that they have extra 30% capacity and are currently working to reduce the black out periods. But increasing capacity also ties up rail terminals which translates into less efficient movement from Port terminals.

- Because there is already a lot of cargo going through Panama, how will the improvements to the Canal affect the Ports of Seattle and Tacoma?

  It depends on pricing through the canal. Also, there will still be a size limit at the East Coast ports. But yes, giving customers a taste of alternatives is dangerous. And, as manufacturing moves further west, the Suez Canal becomes more viable as an all-water East Coast access.

- How do we prevent legislation that inhibits competitiveness for steamship companies?

  PSSOA is working to prevent disparate legislation, but we need to be in front of legislators at all times.

- About tolls: would DHL be interested in paying a larger toll to cover your drivers' use of HOV lanes, instead of carrying an extra passenger?

  Yes, we would be interested in being involved in a discussion of this type of idea.

- Regarding growth of Canada versus U.S. freight and local distribution: how much local export goes through Canada to U.S. vs. Canada to Canada vs. Canada to Canadian Port (exports)? Could we get into any of these markets?

  We could get into the Canada to Vancouver, B.C., but not the Canada to Ottawa market. We used to have 10% of Canadian exports coming through, but we lost most of that to the Canadian freight system. We can't afford to have a U.S. to Canada to U.S. cycle interrupting and eroding our distribution cycles. We don't want to worry about Canadian goods, but yes, we are definitely keeping an eye on U.S. goods.

Session Three: FAST Strategies

This session included work in breakout groups. The session outcomes are discussed in the Workshop Summary.

Workshop Participants

Participant Name	Organization	Participant Name	Organization
Diane Adams	EnviroIssues	Mike Mariano	M & A Consulting
Bruce Agnew	Cascadia Project	Omar Mehyar	TIB
Doug Baker	UPS	John Niles	Discovery Institute
Peter Beaulieu	PSRC	Thomas Noyes	WSDOT
Jeannie Beckett	Port of Tacoma	Maren Outwater	Cambridge Systematics
Cliff Benson	PSSDA / FMSIB	Ed Paskovskis	Port of Everett
Ron Borowski	City of Seattle	Geri Poor	Port of Seattle
Jess Browning	University of Washington	Art Scheunemann	NW Container Services
Kent Christopher	Port of Seattle	Karen Schmidt	FMSIB
Julie Collins	Port of Tacoma	Susie Serres	EnviroIssues
Michael Cummings	WSDOT	Steven Shauafelt	City of Tacoma
Chris Fidler	DHL / Airborne	Azim Sheikh-Jaheri	WSDOT
Terry Finn	Port of Seattle	Carolyn Simmonds	WSDOT - Rail Office
Bobann Fogard	Snohomish County	Gloria Skinner	WSDOT - Freight Office
Scott Garl	Boeing	Allison Smith	Port of Tacoma
Dan Gatchet	West Coast Trucking	Christine Smith	Pierce County
Allan Giffen	City of Everett	Brian Takamine	King County
Steve Gorcester	TIB	Debbie Tenville	Snohomish County
Stacey Howery	EnviroIssues	Emily Terrell	City of Auburn
Barb Ivanov	WSDOT	Bob Vogel	Pierce County
Andrew Johnsen	Governor's Office	Joe Welsh	City of Auburn
Brian Jones	City of Everett	Steve Worthington	City of Fife
David Kalberer	Port of Seattle	Henry Yates	Port of Seattle
Doug Ljungren	Port of Tacoma	Renee Zimmerman	WSDOT
Dave Mariano	M & A Consulting		